

Message Text

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 517

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AMEMBASSY ANKARA

C O N F I D E N T I A L NEW DELHI 4182

LIMDIS

ANKARA FOR BRIGGS

E.O. 11652: GDS

TAGS: SNAR, IN

SUBJECT: INDIAN OPIUM PRODUCTION (C-ER-4-57945)

REF: NEW DELHI 3840

1. THE AMBASSADOR AND DEA ATTACHE RECENTLY DISCUSSED INDIAN OPIUM PRODUCTION WITH A KNOWLEDGEABLE US DRUG COMPANY OFFICIAL. THE OFFICIAL HAS RECEIVED WORD FROM THE GOI THAT A TOTAL OF 980 TONS OF OPIUM WERE PRODUCED IN 1973 FROM THE 37,000 HECTARES UNDER CULTIVATION. OF THIS FIGURE, 880 TONS WERE FOR EXPORT, 50 TONS FOR USE BY INDIAN ADDICTS, AND 50 TONS WERE MANUFACTURED INTO CODEINE AT THE GHAZIPUR PROCESSING PLANT. THE OFFICIAL WAS POSITIVE THAT THE OPIUM AVAILABLE FOR EXPORT IN 1974 WOULD BE MUCH HIGHER THAN IN 1973.

2. CONTRARY TO FINANCE MINISTRY REMARKS THAT 1974 PRODUCTION WOULD BE BELOW THE PREVIOUSLY PREDICTED FIGURE OF 1,100 TONS (REF A).

AMERICAN DRUG COMPANIES HAVE BEEN INFORMED BY VARIOUS INDIAN
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SOURCES THAT THIS YEAR WILL BE A BUMPER CROP FOR OPIUM, AND

AT LEAST 1,200 TONS WILL BE PRODUCED FROM THE 52,000 HECTARES OF POPPIES UNDER CULTIVATION. THE LACK OF RAINFALL IN THE LAST TWO MONTHS HAS HAD NO EFFECT ON THE POPPY PLANTS, AND THE DECEMBER AND JANUARY COLD SNAP CAUSED ONLY NEGLIGIBLE DAMAGE TO THE CROP. THIS YEAR'S RECORD HARVEST WILL TAKE PLACE IN EARLY APRIL, THREE WEEKS LATE, BECAUSE OF LATE PLANTING IN THE AUTUMN.

3. DRUG COMPANY OFFICIALS EXPECT THAT INDIA MAY START PRODUCING CODEINE FROM EXPORT BY 1975, RATHER THAN JUST RAW OPIUM. THEY ESTIMATE THAT THE NEEMUCH CODEINE PLANT, EXPECTED TO GO ON STREAM BY AUTUMN 1974, SHOULD PRODUCE AT LEAST 10,000 KILOS OF CODEINE SALTS ANNUALLY, WHILE THE GHAZIPUR PLANT WILL CONTINUE TO PRODUCE 5,000 KILOS A YEAR. SINCE INDIAN DOMESTIC CODEINE NEEDS ARE ABOUT 8,000 KILOS ANNUALLY, ABOUT 7,000 KILOS WOULD BE AVAILABLE FOR EXPORT.

4. COMMENT: THE GOI HAS PREVIOUSLY TOLD US THAT CODEINE PRODUCED IN INDIA WILL ONLY BE USED FOR DOMESTIC REQUIREMENTS, AND WILL NOT BE EXPORTED. IF CODEINE IS INDEED EXPORTED FROM NEEMUCH, THIS WOULD BE A SIGNIFICANT SHIFT IN INDIAN OPIUM MARKETING PATTERNS AND A SIGNAL THAT INDIA WILL BE MORE AGGRESSIVE IN SEEKING FOREIGN EXCHANGE FROM THE SALE OF OPIUM. THERE ARE CONTRADICTORY REPORTS ON THE LIKELY 1974 OPIUM PRODUCTION. ON THE ONE HAND, WE HAVE THE OFFICIAL GOI ESTIMATE OF ABOUT 1,050 TONS (REF. A), AND WE ARE SEEING A GENERAL DECLINE IN AGRICULTURAL PRODUCTION DUE TO ABNORMALLY COLD AND DRY WEATHER, AND THE LACK OF POWER FOR IRRIGATION. ON THE OTHER HAND, SOME GOI OFFICIALS ARE MORE OPTIMISTIC IN THEIR PREDICTIONS, AND THE GENERAL MANAGER OF THE NEEMUCH OPIUM FACTORY TOLD EMBASSY OFFICERS IN FEBRUARY THAT THIS YEAR WOULD BE A RECORD CROP.
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